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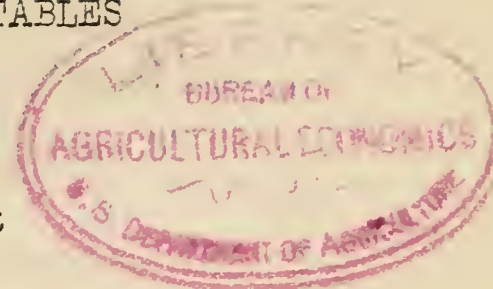
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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

INSTITUTIONAL PURCHASING OF PROCESSED FRUITS AND VEGETABLES

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Address, First Annual Institute on Hospital Purchasing,
Johns Hopkins University, Baltimore, Md., June 11, 1941



The position of purchasing agents of food for hospitals imposes upon you a very definite, weighty responsibility. It is not necessary for me to dwell at length upon the importance of proper diets for your patients nor to spend any time stressing the desirability of making sure you get the quality of canned foods, for example, you select for your particular purposes. Neither is it necessary for me to explain at any length the ramifications of research conducted by the Department of Agriculture in the field of foods. The production, preparation, processing, grading, and inspection of our agricultural products have been studied in minute detail by the various agencies of the Department it is my privilege to represent.

The Agricultural Marketing Service, with which I am more directly connected is concerned with the development of standards for grades of agricultural products in their many forms. My particular concern is the standardization and inspection of processed fruits and vegetables, canned, dried, and frozen. Some of you are doubtless familiar with the fact that in recent years we have

announced standards for grades of practically every fruit and vegetable and many byproducts. These standards are used in connection with our far-flung, Nation-wide commercial inspection service.

Nature blesses this country with fruits and vegetables in abundance. As they come from the fields or orchards they are ordinarily separated or sorted into various classifications of quality. Thus, the grower of high grade products should receive more for the products he has carefully produced than the not-so-careful grower. Another reason for such separation is that in selling the commodities in wholesale channels each lot is sold on the basis of a recognized standard. In order to make it easy for consumers and institutional purchasers such as yourselves to purchase intelligently the quality best suited for your particular need, we have chosen to call the top grade of canned, dried, and frozen fruits and vegetables U. S. Grade A, the next grade U. S. Grade B, and the third quality U. S. Grade C. These terms might be likened to the trade nomenclature Fancy, Choice or Extra Standard, and Standard, respectively. Grade A represents the finest quality canned fruits and vegetables, carefully selected as to size, color, degree of maturity, and freedom from blemishes. Grade B consists of fruits and vegetables of excellent quality, though not quite so well selected as to color, size, and maturity as Grade A products. Products in the Grade C classification are of good quality but are not so uniform in color, size, and maturity as those in Grade B.

I suspect that you are confronted with three very real problems in the procurement of subsistence supplies for hospitals.

1. You are obliged to select the particular quality of food you need for a specific purpose. For example, you may estimate your requirements of canned peaches at 5,000 cases for the year. 3,000 cases of these may be for dessert purposes and you will want either clingstone or freestone types in halves or sliced. You might select either U. S. Grade A, U. S. Grade B, or U. S. Grade C. Perhaps you may have need for 2,000 cases of Pie Grade peaches which, incidentally, in the standards of this Service, we designate as U. S. Grade F, commonly known as solid pack pie.
2. After you have selected the particular quality of merchandise you desire you must indicate to those from whom you purchase, the quality you wish. Government purchasing organizations find it greatly to their benefit to submit to bidders specifications in minute detail indicating the quality of each item desired, number of cases, the style of the commodity, the size of the can, how the goods are to be labeled, how they are to be packed (in fiber or wooden cases), and how the cases are to be stenciled. They also indicate the point at which delivery is to be made. Some time ago the Agricultural Marketing Service published a suggested outline for specifications for canned fruits

and vegetables, which has had wide distribution among purchasing agents. Copies of this publication are available upon request. In this pamphlet a suggested form of contract is outlined.

3. Your next problem is to make certain you are getting the quality you purchased, and here again this Service may be of help to you. The section which is my chief concern has to do with the inspection of vast quantities of processed fruits and vegetables throughout the United States. We have branch offices located throughout the entire Nation. Today practically every one of these offices is confronted with a huge volume of requests for inspections for commercial institutions, the Army, the Surplus Marketing Administration, the Veterans Administration, and other governmental agencies. A large proportion of these goods is inspected before leaving the point of origin, oftentimes in the canner's warehouse. In many instances we supervise the loading into cars and trucks of the goods our men have inspected. After loading, Federal seals are applied to the cars. In other instances merchandise bought f.o.b. destination is sampled by the office nearest the destination point and graded to ascertain whether the specification requirements are met. A certificate of quality is issued as a result of each examination. When goods are inspected at shipping point the certificate of grade usually accompanies shipping documents to the receiver. When inspections are made at destination the certificate is

sent direct to the applicant for service. In case of purchases for hospitals samples may be drawn from the lot by official graders, if our graders have time to draw them, or they may be drawn by a representative of the hospital and delivered to our inspection offices. For these services the Department assesses a fee. Roughly, the fee is \$5.00 per thousand cases if a Federal inspector draws the samples. If the samples are delivered to our offices, the fee is assessed at the rate of 35¢ for a No. 3 or smaller can and 65¢ for a No. 5 or larger can. I shall not dwell on this, because, if any of you are interested, another publication of the Department outlines this procedure in detail.

Something else is happening which should vastly simplify your procurement problems in this field. Some years ago, shortly after we developed the first tentative standards for canned products, we suggested that it would be in the interest of honesty and fair dealing if the vendors of canned products were to state on the label of each can the quality and other salient points concerning the merchandise in the can. We suggested that the information on labels, in order to be truly informative, should be of two types:

1. A truthful, concise statement of grade in such terms as "Grade A," "Grade B," and "Grade C."
2. Such additional descriptive information as may be appropriate for the product, such as count of pieces

in a can of peaches, sieve size of peas, strength of sirup on fruit, number of servings, etc.

It may be that some of you have heard of this, particularly in recent months, because there seems to be a great deal of confusion in the minds of some in connection with this suggestion. To us it seems perfectly obvious that the interest of consumers such as yourselves would be well served if the grade name and additional descriptive information were stated on the label. It also seems to us that there should be no hesitancy on the part of the vendor to take the prospective consumer buyer into his confidence and state the truth on the label in simple, easily understood terms. It should be very simple for the canner or distributor to do this, because he knows the grade of his various lots. We think you have a right to know in detail the facts concerning each item of food you buy.

If a man places the term "Grade A," "Grade B," or "Grade C," or, for that matter "Fancy," "Choice," or "Standard" on his label, the goods in the can must be of the grade claimed; otherwise, if they move in interstate commerce, they will be in violation of the Federal Food, Drug, and Cosmetic Act and be subject to seizure under that law. The consumer, therefore, has a very real protection.

The mere fact that you see Grade A, Grade B, and Grade C on millions of cans of products these days does not mean, necessarily, that these goods have been graded by the Department of Agriculture. The responsibility in the eyes of the law for the truthful labeling of any lot of goods moving in interstate commerce rests solely with the vendor.

One of the things you might incorporate in your contract is that the goods meet a certain Federal standard, just as the Federal Government Departments do.

When you think this thing through there is nothing mysterious or impossible in connection with putting the truth on the label for the benefit of the consumer. You have but to remember that every carload of canned foods in wholesale channels is sold on the basis of some grade, either expressed or implied. Some vendors convey the idea of quality through the medium of brand names. Doubtless many of you have had experience with that method. If a man merely uses his brand name on a can in order to indicate quality, he is without the reach of the law, because he has made no actual claim for the quality of the goods on the label.

The honest, careful, prudent packer or distributor of course wishes to maintain his identity, and brand names make it possible for him to do so. We do feel, however, that his brands would be greatly benefited and fortified and probably his sales would be stimulated by including with the brand name factual information concerning quality.

There has been another important development in recent months. I have remarked that vendors could use the Department grades, "Grade A," "Grade B," and "Grade C" on their labels, even without Government inspection. Some time ago the question arose as to whether they could use the prefix "U. S." in connection with their grade statements. The answer was no, unless the product thus labeled was packed in a plant operating under the continuous inspection of Federal

inspectors stationed in the plant observing each step in the operation and subsequently certifying the grade of each lot. A number of canners indicated their interest in having such a service in order that they might do this. We were obliged to decline their requests because we did not have means, at that time, to conduct such a service. As the requests became more insistent, however, it occurred to us that it might be advisable to experiment in this field in order to ascertain whether such labeling would command the respect of the consumers and thus promote the sale of more canned foods and whether a wider market would develop for the growers of canning crops. Last year we invited six canning plants to join with us in the experiment. For the most part these plants packed fruits. The plants were selected with due regard to the excellence of plant equipment, their location with respect to raw materials, the disposition of the personnel to cooperate with us in improving their packs, their willingness to operate under housekeeping rules we laid down with regard to sanitation, and a number of other considerations.

There is now on the market in very limited volume merchandise labeled with a shield of this Department in which is shown the term "U. S. Grade A," "U. S. Grade B," or "U. S. Grade C" and perhaps another shield in which appears the statement "Packed under continuous inspection of the Agricultural Marketing Service of the U. S. Department of Agriculture," which these cutouts illustrate. Our inspectors were in these six plants at all times during their operation last year. They observed every step in the operation of the plants from the time the goods were received in the receiving sheds until they were finally

graded out and certified as to grade, days later. The salary of inspectors, their incidental expenses, and a stated amount for overhead in supervising the work was paid by the canners.

Then in order to sound out consumer opinion as to the practicability of the new service we enlisted the cooperation of the home economics departments of several of the leading universities of the United States. Displays were built in stores throughout the country and purchasers of products bearing the new labels were asked to fill in a questionnaire after they had used the product. Only one university has completed its initial survey and released its findings to the press. I now quote from the release of Dr. Jessie V. Coles, Associate Home Economist, New York University:

"The results of the study show that 97 percent of those who used canned foods graded by and packed under the continuous inspection of the United States Marketing Service liked them well enough to buy them again," Dr. Coles reported. "No one stated a preference for ungraded over graded products and only three percent were in doubt as to whether or not they preferred graded foods. Great confidence was expressed in the government service and in many cases the need for such service was stated specifically by the homemakers interviewed.

"The greater uniformity in quality secured by such grading and inspection services apparently appealed to the consumers since this was the most frequently given reason for desiring government grading.

"The homemaker's ability to judge quality and to get the most value for the money expended were the next important reasons for buying graded foods."

The continuous inspection experiment attracted a great deal of attention, in fact so much so that we have felt justified in inviting a few more plants to cooperate this season. Accordingly, at least 20 plants will operate this year under the continuous inspection service. They are scattered rather widely over the United States. I have with me here this morning lists of the canners co-operating with the Department in this experiment and the commodities they pack.

Whether the experiment is continued and grows into a permanent service of the Department depends upon the results. Those of you who place contracts with such canners may have each shipment accompanied by an official certificate of grade.

Incidentally, we are frequently asked what the service will cost the canner. While it is a little early to state just what the exact cost will be, it will probably range from 1/3¢ to 3/4¢ a case, depending upon the volume packed in each plant.

Someone has said that there are probably no less than 10,000 brands of canned fruits and vegetables on the market. If we were to go into an imaginary grocery store this morning which had every one of the 10,000 brands stocked, it would be well to remember that every can is one of four grades or qualities. It is either Grade A or Fancy, Grade B or Extra Standard, Grade C or Standard, or below U. S. Standard, that is, Substandard.

Nature gives us the crops; the processor uses them as nature gives them to us. Since all of them are sold in wholesale channels on the basis of some grade, why not carry this information as to quality on to the actual buyer? If every purchasing agent here were to insist from now on that the grade and other pertinent descriptive information be shown on the labels of the goods he proposed to buy, it would not be long before the labels would carry that information. But, gentlemen,^{whether} you in the future are to buy by guess or by grade is only for you to decide.

